

ASSEMBLY BILL

No. 499

Introduced by Assembly Member Leno

February 16, 2005

An act to amend Section 2002 of the Public Contract Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

AB 499, as introduced, Leno. Public contracts: preferences: small and local businesses.

Existing law authorizes a local agency to provide for a small business preference in construction, the procurement of goods, or the delivery of services, and to establish a subcontracting participation goal for small businesses on contracts with a preference for those bidders who meet the goal. Existing law, for purposes of this authority, requires that the term "small business" be defined by each local agency.

This bill would authorize a local agency to provide similar preferences to a small and local business, and would require each local agency to define the term "small and local business," as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 2002 of the Public Contract Code is
- 2 amended to read:
- 3 2002. (a) Notwithstanding any other provision of law
- 4 requiring a local agency to award contracts to the lowest
- 5 responsible bidder, any local agency may do any of the following

1 in facilitating contract awards to small businesses *or small and*
2 *local businesses*:

3 (1) Provide for a small business *preference, or a small and*
4 *local business* preference, in construction, the procurement of
5 goods, or the delivery of services where responsibility and
6 quality are equal. The preference to a small business *or a small*
7 *and local business* shall be up to 5 percent of the lowest
8 responsible bidder meeting specifications.

9 (2) Establish a subcontracting participation goal for small
10 businesses *or small and local businesses* on contracts and grant a
11 preference, up to a maximum of 5 percent, to those bidders who
12 meet the goal.

13 (3) Require bidders to make good faith efforts to meet a
14 subcontracting participation goal for small business contracts *or*
15 *small and local business contracts*. Bidders that fail to meet the
16 goal shall demonstrate that they made good faith efforts to utilize
17 small business contractors *or small and local business*
18 *contractors*.

19 (b) The term “~~small-business,~~” *business*” or “*a small and*
20 *local business,*” as used in this section, shall be defined by each
21 local agency. *The term “local,” however, may not be defined to*
22 *mean a geographical area that is smaller than the boundaries of*
23 *the local agency.*